

DORSEY, MARQUART, WINDHORST, WEST & HALLADAY

2300 FIRST NATIONAL BANK BUILDING

MINNEAPOLIS, MINNESOTA 55402

JONATHAN VILLAGE CENTER
CHASKA, MINNESOTA 55318
(612) 448-4012

(612) 340-2600
CABLE: DOROW
TELEX: 29-0605
TELECOPIER: (612) 340-2868

115 THIRD STREET SOUTHWEST
ROCHESTER, MINNESOTA 55901
(507) 288-3166

1468 W-FIRST NATIONAL BANK BUILDING
ST. PAUL, MINNESOTA 55101
(612) 227-8017

KENNETH W. ERICKSON
(612) 340-2971

March 18, 1977

Secretary of the Interstate Commerce Commission
Washington, D.C. 20423

Dear Sir:

RECORDATION NO. 8755 Filed & Recorded

MAR 21 1977 -2 10 PM

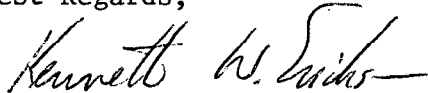
INTERSTATE COMMERCE COMMISSION

Enclosed you will find the following items:

1. A letter of transmittal as specified by 49 CFR § 1116.4 from an executive officer of a party to the secured transaction referenced below.
2. An original of a Security Agreement together with an individual form of acknowledgment covering railroad rolling stock.
3. Two Xerox copies of that Security Agreement together with a certificate of a notary public stating that the copies are true and correct in all respects.
4. A check for \$50.00 made payable to the Interstate Commerce Commission pursuant to 49 CFR §1116.3(d).

Please take the necessary steps to file this Security Agreement in your records. We would appreciate your acknowledgment once that process is complete. If any additional information is required, please contact us at your earliest convenience.

Best Regards,



Kenneth W. Erickson

KWE/sjh
Enclosures

INTERSTATE
COMMERCE COMMISSION
RECEIVED

MAR 21 1977

ADMINISTRATIVE SERVICES
MM MAIL BRANCH

RECEIVED

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FEE OPER. I.C.C.
MAR 21 1977

7-080A106
MAR 21 1977
Date
Fees \$
ICC Washington, D.C.

March 18, 1977

Secretary of the Interstate Commerce Commission
Washington, D.C. 20423

Dear Sir:

The following information is forwarded pursuant to 49 CFR 1116 et seq. to facilitate filing of the enclosed Security Agreement:

(a) Parties to the Transaction:

1. Debtor: Dependable Properties, Inc.
2120 IDS Center
Minneapolis, Minnesota 55402

2. Secured Party:

First National Bank of Minneapolis
120 South Sixth Street
Minneapolis, Minnesota 55402

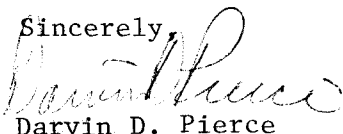
(b) Equipment Covered: Sixty (60)

Covered rail hopper cars bearing designation
markings DEPX 1000 through 1059

(c) Address for Document Return:

First National Bank of Minneapolis
120 South Sixth Street
Minneapolis, Minnesota 55402
Attention: Mr. Darvin Pierce

Sincerely,


Darvin D. Pierce

Commercial Banking Officer

INTERSTATE
COMMERCE COMMISSION
RECEIVED

MAR 21 1977

ADMINISTRATIVE SERVICES
MAIL BRANCH

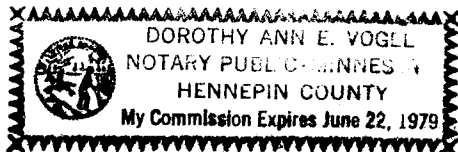
STATE OF MINNESOTA)

)SS.

COUNTY OF HENNEPIN)

On this 18th day of March, 1977, the undersigned notary compared the attached Xerox copies with the original of a certain Security dated January 13, 1977 by and between Dependable Properties, Inc., and National Bank of Minneapolis, and I attest that each such copy is true in all respects, including the dates, signatures and acknowledgments.

Dorothy Ann E. Vogel



(Seal)

Interstate Commerce Commission
Washington, D.C. 20423

3/21/77

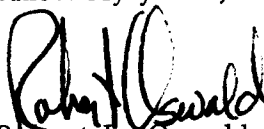
OFFICE OF THE SECRETARY

Kenneth W. Erickson
Dorsey, Marquart, Windhorst,
West & Halladay
2300 First Natl Bank BLD.
Minneapolis, Minnesota 55402

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on 3/21/77 at 2:10pm,
and assigned recordation number(s) 8755

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

SECURITY AGREEMENT
(EQUIPMENT)

MAR 21 1977 -2 10 PM

INTERSTATE COMMERCE COMMISSION

AGREEMENT, Made this 13th day of January, 1977, by and between DEPENDABLE PROPERTIES, INC., a Minnesota corporation (hereinafter called "Debtor"), and FIRST NATIONAL BANK OF MINNEAPOLIS, a national banking association (hereinafter called "Secured Party").

In order to secure the payment of a promissory note of Dependable Feed Services, Inc. (herein called the "Note") payable to the order of Secured Party in the principal amount of \$1,100,000 with interest thereon, dated January 13, 1977, and any renewals or extensions of the Note and to secure the performance of this Security Agreement (the Note and any other obligation arising under this Security Agreement are herein collectively referred to as the "Obligations"), the parties hereto have entered into the following agreement:

1. Security Interest and Collateral. Debtor hereby grants Secured Party a Security Interest (herein called the "Security Interest") in the equipment of Debtor consisting of 60 covered rail hopper cars described in Schedule I attached hereto (herein sometimes called a "Car" or "Cars" and collectively called the "Collateral"), together with all substitutions and replacements for any of the foregoing property and proceeds of any and all of the foregoing property and, together with (i) all accessories, attachments, parts, equipment, accessions and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such property.

2. Representations, Warranties and Agreements. Debtor represents, warrants and agrees that:

- (a) The Collateral will be used primarily for business purposes.
- (b) Debtor's chief place of business is 2120 IDS Center, Minneapolis, Minnesota 55402.

3. Additional Representations, Warranties and Agreements. Debtor represents, warrants and agrees that:

- (a) Debtor has (or will have at the time Debtor acquires rights in Collateral hereafter arising) absolute title to each item of Collateral free and clear of all security interests, liens and encumbrances, except the Security

Interest, and will defend the Collateral against all claims or demands of all persons other than Secured Party. Except as otherwise specifically provided herein, Debtor will not sell or otherwise dispose of the Collateral or any interest therein. This Agreement has been duly and validly authorized by all necessary corporate action.

- (b) Debtor will (i) keep all tangible Collateral in good repair, working order and condition, normal depreciation excepted, and will, from time to time, replace any worn, broken or defective parts thereof; (ii) promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest; (iii) keep all Collateral free and clear of all security interests, liens and encumbrances except the Security Interest; (iv) at all reasonable times, permit Secured Party or its representatives to examine or inspect any Collateral, wherever located, and to examine, inspect and copy Debtor's books and records pertaining to the Collateral and its business and financial condition; (v) keep accurate and complete records pertaining to the Collateral and pertaining to Debtor's business and financial condition and will submit to Secured Party such periodic reports concerning the Collateral and Debtor's business and financial condition as Secured Party may from time to time reasonably request; (vi) promptly notify Secured Party of any loss of or material damage to any Collateral; (vii) at all times keep all tangible Collateral insured against risks of fire (including so-called extended coverage), theft, and such other risks and in such amounts as Secured Party may reasonably request, with any loss payable to Secured Party to the extent of its interest; (viii) from time to time execute such financing statements as Secured Party may reasonably deem required to be filed in order to perfect the security interest herein granted and execute such documents as may be required to have the Security Interest properly noted on a certificate of title; (ix) pay when due or reimburse Secured Party on demand for all costs of collection of any of the Obligations and all other out-of-pocket expenses (including in each case all reasonable attorneys' fees) incurred by Secured Party in connection with the creation, perfection, satisfaction or enforcement of the Security Interest or the execution or creation, continuance or enforcement of this Agreement or any or all of the Obligations; (x) execute, deliver or endorse any and all instruments, documents, assignments, security agreements and other agreements and writings which Secured Party may at any time reasonably request in order to secure, protect, perfect or enforce the Security Interest and Secured Party's rights under this Agreement; and (xi) not use or keep any Collateral, or permit it to be used or kept, for any unlawful purpose or in violation of any federal, state or local law, statute or ordinance. If Debtor at any time fails

to perform or observe any agreement contained in this Section 3(b), and if such failure shall continue for a period of ten calendar days after Secured Party gives Debtor written notice thereof (or, in the case of the agreements contained in clauses (vii) and (viii) of this Section 3(b), immediately upon the occurrence of such failure, without notice or lapse of time, Secured Party may (but need not) perform or observe such agreement on behalf and in the name, place and stead of Debtor (or, at Secured Party's option, in Secured Party's own name) and may (but need not) take any and all other actions which Secured Party may reasonably deem necessary to cure or correct such failure (including, without limitation, the payment of taxes, the satisfaction of security interests, liens, or encumbrances, the performance or obligations under contracts or agreements with obligors, the procurement and maintenance of insurance, the execution of financing statements, the endorsement of instruments, and the procurement of repairs, transportation or insurance); and, except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, Debtor shall thereupon pay Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by Secured Party in connection with or as a result of Secured Party's performing or observing such agreements or taking such actions, together with interest thereon from the date expended or incurred by Secured Party at the highest rate then applicable to any of the Obligations. To facilitate the performance or observance by Secured Party of such agreements of Debtor, Debtor hereby irrevocably appoints (which appointment is coupled with an interest) Secured Party, or its delegate, as the attorney-in-fact of Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of Debtor, any and all instruments, documents, financing statements, applications for insurance and other agreements and writings required to be obtained, executed, delivered or endorsed by Debtor under this Section 3.

4. Assignment of Insurance. Subject to the provisions of paragraph 5 hereof, Debtor hereby assigns to Secured Party, as additional security for the payment of the Obligations, any and all moneys (including but not limited to proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of Debtor under or with respect to, any and all policies of insurance covering the Collateral, and Debtor hereby directs the issuer of any such policy to pay any such moneys directly to Secured Party. Both before and after the occurrence of an Event of Default under Section 8, Secured Party may (but need not), in its own name or in Debtor's name, execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy.

5. Notice of Loss; Disposition of Insurance or Awards.

- (a) In the case of any actual or constructive total loss of any Car or any destruction, condemnation, seizure by governmental authority, requisition, or other event resulting in the total loss of such Car (hereinafter called "Total Loss"), or in any event resulting in other than an actual or constructive Total Loss causing damage to any such Car (hereinafter called "Partial Loss") the Debtor shall within five (5) days thereafter notify the Secured Party of such event of Total Loss or Partial Loss specifying the facts relating to such event in reasonable detail.
- (b) In the case of a Total Loss of any Car, all insurance monies, awards or other payments with respect thereto shall be paid over to the Secured Party and the Secured Party shall apply such monies, first in payment of the cost of collecting the same, and then in partial prepayment of the Note, together with interest accrued to the date of such payment, without premium or, if the holder of the Note does not direct such partial prepayment of the Note, such amount shall be paid over to the Debtor by the Secured Party.
- (c) In the case of a Partial Loss causing damage in excess of \$10,000, all insurance monies, awards or other payments shall be paid over to the Secured Party and the Secured Party shall pay such amounts over to the Debtor, provided that, prior to any such payment, the Debtor shall have furnished assurances satisfactory to the Secured Party that the damage or other event giving rise to such Partial Loss has been fully repaired in a workmanlike manner or otherwise remedied in such manner that no lien shall attach to such Car or any part thereof, provided however that, if at the time of such proposed payment an Event of Default shall then exist, the Secured Party shall apply all such amounts in partial prepayment of the Note.
- (d) In the case of a Partial Loss causing damage not in excess of \$10,000, all insurance monies, awards or other payments shall be paid directly to the Debtor. In any such case the Debtor shall cause the damage or other event giving rise to such Partial Loss to be fully repaired in a workmanlike manner or otherwise remedied in such manner that no lien shall attach to such Car or any part thereof.
- (e) Notwithstanding the foregoing, in the event of a Total Loss of a Car, the Debtor may, at its option, in lieu of application by the Secured Party of insurance proceeds or other payment or award to prepayment of a portion of the Note, obtain the release of such Car and provide in lieu thereof a Replacement Car in accordance with the terms of paragraph 7 hereof, whereupon the Secured Party shall consent that the underwriters pay such insurance proceeds direct to the Debtor.

6. Governmental Seizure of Car. In the event the United States or any governmental authority, department or agency shall acquire title to any Car by condemnation, requisition, seizure, or any other means, the lien of this Security Agreement shall be deemed to attach to the claim for compensation and the compensation, purchase price, reimbursement or award shall be payable to the Secured Party. The Debtor shall promptly execute and deliver such documents, if any, and shall promptly do and perform such acts, if any, as in the opinion of the Secured Party may be necessary or useful to facilitate or expedite the collection by the Secured Party of such compensation, purchase price, reimbursement or award.

7. Release of Collateral.

- (a) At option of Debtor. So long as no Event of Default shall exist under the Note or this Security Agreement, the Debtor shall at all times have the right to cause any Car to be separately released from the lien of this Security Agreement by delivery to the Secured Party of a Security Agreement containing terms substantially identical to this Security Agreement creating a security interest under such Security Agreement in a replacement Car (hereinafter the "Replacement Car"), provided that the lesser of the book value or fair market value of the Replacement Car shall be in an amount at least equal to or greater than the greater of the book value or fair market value of the Car replaced. For purposes of this paragraph "book value" shall be the amount as shown on the books of the Debtor as maintained in accordance with generally accepted accounting principles. The Secured Party may, at its option, require the Debtor to obtain an independent appraisal by an appraiser satisfactory to the Secured Party of any Car or Replacement Car to determine its fair market value.
- (b) Release in Event of Destruction or Seizure. In the event that any Car shall be lost, destroyed, condemned or seized by governmental authority, the Debtor may, at its option, by notice given by the Debtor to the Secured Party within 30 days following such loss, destruction, condemnation or seizure in lieu of payment of insurance proceeds, award or other payment in partial prepayment of the Notes as provided in paragraph 5 hereof, promptly after giving such notice deliver a Replacement Car meeting the requirements of paragraph (a) above.
8. Events of Default. Each of the following occurrences shall constitute an Event of Default: (i) Dependable Feed Services, Inc. shall fail to pay the Obligations when due or (if payable on demand) on demand, or Debtor shall fail to observe or perform any covenant or agreement herein binding on it; (ii) any representation or warranty by Debtor or Dependable Feed Services, Inc. set forth in this Agreement or made to Secured Party in any financial statements or reports submitted to Secured Party by or on behalf of Debtor shall prove false or materially misleading; (iii) Debtor or Dependable Feed Services, Inc. shall (A) fail to continue the conduct of business substantially as now conducted; or (B) be or become insolvent (however

defined); or (C) commit an act of bankruptcy under the United States Bankruptcy Act; or (D) file or have filed against it, voluntarily or involuntarily, a petition in bankruptcy or for reorganization or for the adoption of an arrangement or plan under the United States Bankruptcy Act; or (E) initiate or have initiated against it, voluntarily or involuntarily, any act, process or proceeding under any insolvency law or other statute or law providing for the modification or adjustment of the rights of creditors; or (F) be dissolved or liquidated.

9. Remedies after Event of Default. Upon the occurrence of an Event of Default under Section 8 and at any time thereafter, Secured Party may exercise any one or more of the following rights or remedies: (i) declare all unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand, (ii) exercise and enforce any or all rights and remedies available after default to a secured party under the Uniform Commercial Code, including but not limited to the right to take possession of any Collateral, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof, which Debtor hereby expressly waives), and the right to sell, lease or otherwise dispose of any or all of the Collateral; Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties; and if notice to Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 14) at least 10 calendar days prior to the date of intended disposition or other action; (iii) exercise or enforce any or all other rights or remedies available to Secured Party by law or agreement against the Collateral, against Debtor or against any other person or property.

10. Other Personal Property. If at the time Secured Party takes possession of any tangible Collateral, any goods, papers or other properties of Debtor, not affixed to or constituting a part of such Collateral, are located or to be found upon or within such Collateral, Debtor agrees to notify Secured Party in writing of that fact, describing the property so located or to be found, within 7 calendar days after the date on which Secured Party took possession. Unless and until Secured Party receives such notice from Debtor, Secured Party shall not be responsible or liable to Debtor for any action taken or omitted by or on behalf of Secured Party with respect to such property without actual knowledge of the existence of any such property or without actual knowledge of the fact that it was located or to be found upon such Collateral.

11. Reports and Inspections. Within 30 days after the close of each quarterly accounting period in each fiscal year, the Debtor shall cause to be furnished to the Secured Party an accurate statement (a) setting forth as of the end of the preceding fiscal quarter the description and numbers of the Cars then covered hereby, the amount, description and numbers of all Cars that have suffered a Partial Loss, Total Loss or seizure during the preceding 3 months and such other information regarding the condition and state of repair of the Cars as the Secured Party may reasonably request and (b) stating that, in the case of all Cars repaired or repainted during the period covered by such statement, such Cars are marked as required by Section 12

hereof. The Secured Party shall have the right, by its agents, to inspect the Cars and the Debtor's records with respect thereto at such reasonable times as the Secured Party may request during the continuance of this Security Agreement.

12. Marking of Equipment. The Debtor will cause each Car to be kept numbered with its identifying number as set forth in Schedule A hereto, or, in the case of any Car not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Car. The Debtor will not permit the identifying number of any Car to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Secured Party and filed, recorded and deposited by the Debtor in all public offices where this Agreement shall have been filed, recorded and deposited.

13. Compliance with Laws and Rules. During the term of this Agreement, the Debtor will comply, and will cause every lessee or user of the Cars to comply, in all respects (including without limitation, with respect to the use, maintenance and operation of the Cars) with all laws of the jurisdictions in which its or such lessees' operations involving the Cars may extend, with the inter change rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Cars, to the extent that such laws and rules affect the title, operation or use of the Cars, and in the event that such laws or rules require any alteration of any Car, or in the event that any equipment or appliance on any such Car shall be required to be changed or replaced, or in the event that any additional or other equipment or appliance is required to be installed on any such unit in order to comply with such laws or rules, the Debtor will make such alterations, changes, replacements and additions at its own expense; provided, however, that the Debtor may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Secured Party, adversely affect the property or rights of the Secured Party under this Agreement.

The Debtor shall use the Cars only in the United States, except that the Debtor may from time to time use the Cars or cause them to be used in Canada or Mexico, provided that such use shall be incidental only to their use in the United States.

14. Recording; Expenses. The Debtor will cause this Agreement to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and with the Registrar General of Canada. The Debtor will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, re-register, re-record or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Secured Party for the purpose of proper protection, to its satisfaction, of the Secured Party's interest in the Cars, or for the purpose of carrying out the intention of this Agreement; and the Debtor will promptly furnish to the Secured Party evidences of all such filing, registering, recording, or depositing.

The Debtor will pay or cause to be paid the reasonable costs and expenses involved in the recording of this Agreement.

15. Miscellaneous. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of Secured Party's rights or remedies. All rights and remedies of Secured Party shall be cumulative and may be exercised singularly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor shall be deemed sufficiently given if mailed by registered or certified mail, postage prepaid, or delivered to Debtor at its most recent address shown on Secured Party's records. Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Debtor may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by Debtor and delivered to Secured Party, and Debtor waives notice of Secured Party's acceptance hereof. Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. Except to the extent otherwise required by law, this Agreement shall be governed by the internal laws of the State of Minnesota, and, unless the context otherwise requires, all terms used herein which are defined in Articles 1 and 9 of the Uniform Commercial Code, as in effect in said State (including but not limited to the terms "equipment", "instrument", and "document"), shall have the meanings therein stated. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

this 12th IN WITNESS WHEREOF, the parties hereto have executed this Agreement
day of January 1977.

DEPENDABLE PROPERTIES, INC.

By

Donald C. Lueken
Its President

And

Donald C. Lueken
Its Secretary

FIRST NATIONAL BANK OF MINNEAPOLIS

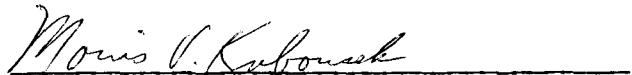
By

Darren O'Brien
Its Commercial Banking Officer

STATE OF MINNESOTA)

) ss.

On this 13 day of January, 1977, before me personally appeared Darwin B. Pierce, to me personally known, who being by me duly sworn, says that he is the Commercial Banking Officer of FIRST NATIONAL BANK OF MINNEAPOLIS, a national banking association, that the seal affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.



STATE OF MINNESOTA)

) ss.

On this 13th day of January, 1977, before me personally appeared Donald A. Severson and Gerald T. Carroll, Jr., to me personally known, who being by me duly sworn, say that they are respectively the President and Secretary of DEPENDABLE PROPERTIES, INC., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledge that the execution of the foregoing instrument was the free act and deed of said corporation.

Catherine M. Snyder



SCHEDULE 1

To

SECURITY AGREEMENT

Sixty (60) covered rail hopper cars bearing designation
markings DEPX 1000 through 1059.